

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 98-0436P**

Adjusted Gross Income Tax  
Calendar Years 1993, 1994, and 1995

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**ISSUE(S)**

I. **Tax Administration** – Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer, incorporated in Delaware operates a manufacturing plant in Indiana and was audited for calendar years 1993 through 1995. Upon audit it was discovered that the taxpayer failed to add back all real estate and personal property taxes in 1993 and 1995. In addition taxpayer failed to throw back sales to Indiana.

Taxpayer requests that the department waive the negligence penalty because it relied on its independent tax professional and the errors were unintended.

I. **Tax Administration** – Penalty

**DISCUSSION**

Taxpayer was assessed a negligence penalty because it failed to include all of its addbacks of real estate and personal property taxes and failed to throw back sales to Indiana. The errors resulted in the underreporting of 19%, 25%, and 29% respectively for 1993, 1994, and 1995.

Taxpayer, in a letter dated July 24, 1998 protested penalties assessed and states that it relies on its independent tax professionals to accurately complete its annual tax returns and the issues which gave

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rise to the audit adjustments were completely unintended and an honest oversight.

Unintentional errors and oversights are not considered reasonable cause for the waiver of penalty.

**FINDING**

Taxpayer's protest is denied.

**DW/RAW/MR 991409**